

Refund Applicants

for refunds based on

Off-Highway Consumption of Motor Vehicle Fuel (Gasoline) and Use Fuel (Diesel)



Frequently Asked Questions About:

- Eligibility for refunds
- Refund applications
- Department authority
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- How to report potential violations



Arizona Department of Transportation, Motor Vehicle Division

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Under what circumstances are motor vehicle fuel (gasoline) taxes refundable to the user of the fuel?

A person who buys and uses motor vehicle fuel (gasoline) may apply for a refund of state tax paid, if the person:

1. Does NOT use the fuel in a motor vehicle on a highway in this state, or in a water craft on the waterways of this state.
2. Buys aviation fuel for use in aircraft applying seeds, fertilizer or pesticides...or,
3. Loses the fuel by fire, theft or other accident.



If a claim for refund is based on the use of motor vehicle fuel in aircraft, five cents of the tax collected on each gallon of motor vehicle fuel claimed shall remain in the state aviation fund, and the department shall refund the remainder of the tax.
(See ARS 28-5611)

Under what circumstances are use fuel (diesel) taxes refundable to the user of the fuel?

If use fuel (diesel) on which the state fuel tax has been paid, is used by the purchaser other than in a vehicle on Arizona highways, the user may make application for a refund of the amount of tax paid.
(See ARS 28-5606, 5612)

Note that, if the fuel is used in a motor vehicle, it is presumed, until the contrary is established by competent proof under rules and procedures the department adopts, that all use fuel dispensed into a motor vehicle supply tank is consumed in that vehicle on the highways in this state. Likewise, if a vendor's dealings in use fuel primarily involve delivery of use fuel into the fuel tanks of motor vehicles, it is presumed, until the contrary is established, that the vendor's total use fuel acquisitions have been delivered into the fuel tanks of motor vehicles for the propulsion of the vehicles on the public highways.

How do I apply for these types of refunds?

1. A person who is seeking a refund and who is NOT licensed as a supplier, interstate user, restricted distributor or use fuel vendor shall (See 28-5612):

- File an *application* with the director within six months after the date the fuel was purchased.
- Make an *application* in a form prescribed by the Department. Required supporting documentation will include, at a minimum:
 - a. The original unaltered invoices relating to the purchase of the fuel, that include the following information:
 - The date of purchase.
 - The seller's name and address.
 - The number of gallons purchased.
 - The type of fuel purchased.
 - The price per gallon of the fuel.
 - If for use fuel, the rate of tax paid per gallon (\$.18 or \$.26)*
(See 28-5612):

** If a retailer is unable to provide receipts that include the tax rate per gallon, the retailer must provide the Department with acceptable alternative information.*

b. A list of all equipment in which fuel is used in a non-taxable manner must be attached to the initial refund request. Subsequent refund requests must list any additions or deletions to the original equipment list.

The above records must be retained for three years from the date of the submission of the application for refund. (See ARS 28-5619.C, 28-5620.C)

2. If the person entitled to these types of refunds is licensed as a supplier, interstate user, restricted distributor, or a use fuel vendor, the licensee may apply for a refund using the above procedure within three years after the date of purchase of the fuel. (See ARS 28-5613)

What is the Department's authority to inspect records, equipment, and fuel?

The Department may examine records, books, papers, storage tanks and any other equipment of a person pertaining to motor fuel imported, received, sold, shipped, delivered or used to either:

1. Verify the truth and accuracy of a statement, report, return or claim.
2. Ascertain whether the tax imposed has been paid.
3. Determine the financial responsibility of the supplier for the payment of the taxes imposed.
4. Determine the validity of a refund.

The Department may remove fuel samples, hold hearings, take testimony of persons, issue subpoenas for the purpose of taking testimony, compel attendance of witnesses and conduct investigations the director deems necessary.

The Department's reviews/inspections must be conducted in a reasonable manner, but in no case is prior notice required. (See ARS 28-5620, 5648, 5603).

What are the penalties for violations?

What are the penalties for violations?

Arizona statutes prescribe both civil and criminal penalties for violations of the fuel tax laws (including those cited in this document), and related offenses. Criminal violations include making false statements/claims for refund, or assisting another in the preparation or submission of a false claim for refund. Such willful violations may result in imprisonment.

In addition to other penalties prescribed by law, a person who violates ARS 28-5612 will be denied a refund on motor fuel purchased during the six months succeeding the date the director advises the person by mail of the director's discovery of the violation. The director may recover excess refunds from the person to whom the refund was made. The director shall assess the claimant the amount of the excess refund and interest. Interest will be computed at a rate of one per cent per month of

the amount of excess refund due beginning on the date of refund and until the date the assessment is paid. Civil penalties are in addition to any taxes and interest due, and may include a penalty of 50% of the tax assessed if any part of the deficiency is due to fraud.

The Arizona Department of Transportation, Motor Vehicle Division, is conducting inspections and audits pursuant to these statutes.

Who do I contact for additional information I need to comply with these laws?

Contact the Department at **1-877-AZFuels (1-877-293-8357)** for assistance.

How can I report potential violations of the fuel tax laws?

If you observe violations or have a suspicion that violations have occurred, you may *report them online* or contact the Department's Fuel Fraud Hotline at:

1-877-AZFuels (1-877-293-8357)

Note:

This information is provided to inform the reader of general requirements in the areas addressed. It is not intended to be referenced as legal authority for taking any action or position, nor is it intended to set forth the legal position of the State of Arizona in specific cases, which must be considered individually based on all facts and circumstances. Readers should thoroughly review all applicable statutes, and consult counsel as appropriate, before taking any action or position.

